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AMENDMENTS TO LB 691

1                   1. Strike the original sections and insert the following  
2 new sections:

3                   "Section 1.       Section 23-2308.01, Revised Statutes  
4 Supplement, 2004, is amended to read:

5                   23-2308.01.   (1) It is the intent of the Legislature  
6 that, in order to improve the competitiveness of the retirement  
7 plan for county employees, a cash balance benefit shall be added to  
8 the County Employees Retirement Act on and after January 1, 2003.  
9 Each member who is employed and participating in the retirement  
10 system prior to January 1, 2003, may either elect to continue  
11 participation in the defined contribution benefit as provided in  
12 the act prior to January 1, 2003, or elect to participate in the  
13 cash balance benefit as set forth in this section. The member  
14 shall make the election prior to January 1, 2003. If no election  
15 is made prior to January 1, 2003, the member shall be treated as  
16 though he or she elected to continue participating in the defined  
17 contribution benefit as provided in the act prior to January 1,  
18 2003.

19                   (2) For a member employed and participating in the  
20 retirement system beginning on and after January 1, 2003, or a  
21 member employed and participating in the retirement system on  
22 January 1, 2003, who, prior to January 1, 2003, elects to convert  
23 his or her employee and employer accounts to the cash balance  
24 benefit:

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1           (a) The employee cash balance account shall, at any time,  
2 be equal to the following:

3           (i) The initial employee account balance, if any,  
4 transferred from the defined contribution plan account described in  
5 section 23-2309; plus

6           (ii) Employee contribution credits deposited in  
7 accordance with section 23-2307; plus

8           (iii) Interest credits credited in accordance with  
9 subdivision (20) of section 23-2301; and

10          (b) The employer cash balance account shall, at any time,  
11 be equal to the following:

12          (i) The initial employer account balance, if any,  
13 transferred from the defined contribution plan account described in  
14 section 23-2310; plus

15          (ii) Employer contribution credits deposited in  
16 accordance with section 23-2308; plus

17          (iii) Interest credits credited in accordance with  
18 subdivision (20) of section 23-2301.

19          (3) In order to carry out the provisions of this section,  
20 the board may enter into administrative services agreements for  
21 accounting or record-keeping services. No agreement shall be  
22 entered into unless the board determines that it will result in  
23 administrative economy and will be in the best interests of the  
24 counties and their participating employees. The board may develop  
25 a schedule for the allocation of the administrative services  
26 agreements costs for accounting or record-keeping services and may  
27 assess the costs so that each member pays a reasonable fee as

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1 determined by the board. The money forfeited pursuant to section  
2 23-2319.01 shall not be used to pay the administrative costs  
3 incurred pursuant to this ~~section~~ subsection.

4 Sec. 2. Section 23-2310.04, Revised Statutes Supplement,  
5 2004, is amended to read:

6 23-2310.04. The County Employees Retirement System  
7 Expense Fund is created. The fund shall be credited with money  
8 forfeited pursuant to section 23-2319.01 and with money from the  
9 retirement system assets and income sufficient to pay the pro rata  
10 share of administrative expenses incurred ~~through the Nebraska~~  
11 ~~Public Employees Retirement Systems Expense Fund~~, as directed by  
12 the board for the proper administration of the County Employees  
13 Retirement Act and necessary in connection with the administration  
14 and operation of the retirement system, except as provided in  
15 sections 23-2308.01, 23-2309.01, 23-2310, and 23-2310.05. Any  
16 money in the County Employees Retirement System Expense Fund  
17 available for investment shall be invested by the state investment  
18 officer pursuant to the Nebraska Capital Expansion Act and the  
19 Nebraska State Funds Investment Act.

20 Sec. 3. Section 23-2310.05, Revised Statutes Supplement,  
21 2004, is amended to read:

22 23-2310.05. (1) Each member employed and participating  
23 in the retirement system prior to January 1, 2003, who has elected  
24 not to participate in the cash balance benefit, shall be allowed to  
25 allocate all contributions to his or her employer account to  
26 various investment options.

27 ~~(a) Prior to July 16, 2004,~~

1           ~~(i) Such investment options shall be limited to the~~  
2 ~~following.~~

3           ~~(A) An account which shall be invested by or under the~~  
4 ~~direction of the state investment officer in approximately~~  
5 ~~twenty-five percent equities and seventy-five percent fixed income~~  
6 ~~instruments.~~

7           ~~(B) An account which shall be invested by or under the~~  
8 ~~direction of the state investment officer in approximately fifty~~  
9 ~~percent equities and fifty percent fixed income instruments; and~~

10          ~~(C) An account which shall be invested by or under the~~  
11 ~~direction of the state investment officer in approximately~~  
12 ~~seventy-five percent equities and twenty-five percent fixed income~~  
13 ~~instruments; and~~

14          ~~(ii) If a member fails to select an option or combination~~  
15 ~~of options, all of his or her funds in the employer account shall~~  
16 ~~be placed in one of the options described in subdivision (a)(i)(A),~~  
17 ~~(a)(i)(B), or (a)(i)(C) of this subsection as determined by the~~  
18 ~~board. Each member shall be given a detailed current description~~  
19 ~~of each investment option prior to making or revising his or her~~  
20 ~~allocation.~~

21          ~~(b) On and after July 16, 2004.~~

22          ~~(i) Such investment options shall be the same as the~~  
23 ~~investment options of the employee account as provided in~~  
24 ~~subsection (1) of section 23-2309.01. and~~

25          ~~(ii) If a member fails to select an option or combination~~  
26 ~~of options, all of his or her funds in the employer account shall~~  
27 ~~be placed in the balanced account option described in subdivision~~

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1 (1)(c) of section 23-2309.01. Each member shall be given a  
2 detailed current description of each investment option prior to  
3 making or revising his or her allocation.

4 (2) Each member of the retirement system may allocate  
5 contributions to his or her employer account to the investment  
6 options in percentage increments as set by the board in any  
7 proportion, including full allocation to any one option. A member  
8 may transfer any portion of his or her funds among the options.  
9 The board shall adopt and promulgate rules and regulations for  
10 changes of a member's allocation of contributions to his or her  
11 accounts after his or her most recent allocation and for transfers  
12 from one investment account to another.

13 (3) The board shall develop a schedule for the allocation  
14 of administrative costs of maintaining the various investment  
15 options and shall assess the costs so that each member pays a  
16 reasonable fee as determined by the board. The money forfeited  
17 pursuant to section 23-2319.01 shall not be used to pay the  
18 administrative costs incurred pursuant to this section.

19 (4) In order to carry out the provisions of this section,  
20 the board may enter into administrative services agreements for  
21 accounting or record-keeping services. No agreement shall be  
22 entered into unless the board determines that it will result in  
23 administrative economy and will be in the best interests of the  
24 ~~state~~ county and its participating employees.

25 (5) The state, the board, the state investment officer,  
26 the members of the Nebraska Investment Council, or the county shall  
27 not be liable for any investment results resulting from the

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1 member's exercise of control over the assets in the employer  
2 account.

3 Sec. 4. Section 23-2319.01, Revised Statutes Supplement,  
4 2004, is amended to read:

5 23-2319.01. (1) For a member who has terminated  
6 employment and is not vested, the balance of the member's employer  
7 account or employer cash balance account shall be forfeited. The  
8 forfeited account shall be credited to the County Employees  
9 Retirement Fund and shall first be used to meet the expense charges  
10 incurred by the retirement board in connection with administering  
11 the retirement system, which charges shall be credited to the  
12 County Employees Retirement System Expense Fund, and the remainder,  
13 if any, shall then be used to reduce the county contribution which  
14 would otherwise be required to fund future service retirement  
15 benefits or to restore employer accounts or employer cash balance  
16 accounts. No forfeited amounts shall be applied to increase the  
17 benefits any member would otherwise receive under the County  
18 Employees Retirement Act.

19 (2) If a member ceases to be an employee due to the  
20 termination of his or her employment by the county and a grievance  
21 or other appeal of the termination is filed, transactions involving  
22 forfeiture of his or her employer account or employer cash balance  
23 account shall be suspended pending the final outcome of the  
24 grievance or other appeal.

25 (3) The County Employer Retirement Expense Fund is  
26 created. The fund shall be administered by the Public Employees  
27 Retirement Board. The fund shall consist of any reduction in a

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1 county contribution which would otherwise be required to fund  
2 future service retirement benefits or to restore employer accounts  
3 or employer cash balance accounts referred to in subsection (1) of  
4 this section. The fund shall be established and maintained  
5 separate from any funds held in trust for the benefit of members  
6 under the county employees retirement system. Expenses incurred as  
7 a result of a county depositing amounts into the fund shall be  
8 deducted prior to any additional expenses being allocated. Any  
9 remaining amount shall be allocated in accordance with section 12  
10 of this act. Any money in the fund available for investment shall  
11 be invested by the state investment officer pursuant to the  
12 Nebraska Capital Expansion Act and the Nebraska State Funds  
13 Investment Act.

14           Sec. 5.     Section 24-702, Revised Statutes Supplement,  
15 2004, is amended to read:

16           24-702.   (1) There is hereby created in the state  
17 treasury a fund to be known as the Nebraska Retirement Fund for  
18 Judges which shall be administered by the board and to which shall  
19 be credited all money appropriated or transferred by law thereto.  
20 The fund is hereby appropriated and made available to the board for  
21 the uses and purposes prescribed by the provisions of the Judges  
22 Retirement Act.

23           (2) The employer contribution to the fund shall consist  
24 of the amounts remitted pursuant to subsection (3) of section  
25 24-703.

26           (3) The Nebraska Judges Retirement Act Expense Fund is  
27 created. The fund shall be credited with money from the retirement

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1 system assets and income sufficient to pay the pro rata share of  
2 administrative expenses incurred ~~through the Nebraska Public~~  
3 ~~Employees Retirement Systems Expense Fund,~~ as directed by the board  
4 for the proper administration of the Judges Retirement Act and  
5 necessary in connection with the administration and operation of  
6 the retirement system.

7 Sec. 6. Section 79-974, Reissue Revised Statutes of  
8 Nebraska, is amended to read:

9 79-974. The Expense Fund is created and is the fund to  
10 which shall be credited the proportionate share of administration  
11 expense transferred from the Contingent Account at the direction of  
12 the retirement board. The Expense Fund shall be credited with  
13 money from the retirement system assets and income sufficient to  
14 pay the pro rata share of administrative expenses incurred ~~through~~  
15 ~~the Nebraska Public Employees Retirement Systems Expense Fund,~~ as  
16 directed by the board for the proper administration of the School  
17 Employees Retirement Act and necessary in connection with the  
18 administration and operation of the retirement system. Annually,  
19 as soon after July 1 as is practicable, the retirement board shall  
20 estimate the amount of money which is deemed necessary to be paid  
21 into the Expense Fund for that fiscal year.

22 Sec. 7. Section 81-2018, Revised Statutes Supplement,  
23 2004, is amended to read:

24 81-2018. (1) Except as provided in subsection (2) of  
25 this section, all money received by the Nebraska State Patrol  
26 Retirement System shall be remitted to the State Treasurer for  
27 credit to the State Patrol Retirement Fund which is hereby created.



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1 Out of the fund shall be paid the benefits and annuities as  
2 provided in the Nebraska State Patrol Retirement Act.

3 (2) The State Patrol Retirement Act Expense Fund is  
4 created. The fund shall be credited with money from the retirement  
5 system assets and income sufficient to pay the pro rata share of  
6 administrative expenses incurred ~~through the Nebraska Public~~  
7 ~~Employees Retirement Systems Expense Fund,~~ as directed by the board  
8 for the proper administration of the Nebraska State Patrol  
9 Retirement Act and necessary in connection with the administration  
10 and operation of the retirement system.

11 Sec. 8. Section 84-1309.02, Revised Statutes Supplement,  
12 2004, is amended to read:

13 84-1309.02. (1) It is the intent of the Legislature  
14 that, in order to improve the competitiveness of the retirement  
15 plan for state employees, a cash balance benefit shall be added to  
16 the State Employees Retirement Act on and after January 1, 2003.  
17 Each member who is employed and participating in the retirement  
18 system prior to January 1, 2003, may either elect to continue  
19 participation in the defined contribution benefit as provided in  
20 the act prior to January 1, 2003, or elect to participate in the  
21 cash balance benefit as set forth in this section. The member  
22 shall make the election prior to January 1, 2003. If no election  
23 is made prior to January 1, 2003, the member shall be treated as  
24 though he or she elected to continue participating in the defined  
25 contribution benefit as provided in the act prior to January 1,  
26 2003.

27 (2) For a member employed and participating in the

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1 retirement system beginning on and after January 1, 2003, or a  
2 member employed and participating in the retirement system on  
3 January 1, 2003, who, prior to January 1, 2003, elects to convert  
4 his or her employee and employer accounts to the cash balance  
5 benefit:

6 (a) The employee cash balance account shall, at any time,  
7 be equal to the following:

8 (i) The initial employee account balance, if any,  
9 transferred from the defined contribution plan account described in  
10 section 84-1310; plus

11 (ii) Employee contribution credits deposited in  
12 accordance with section 84-1308; plus

13 (iii) Interest credits credited in accordance with  
14 subdivision (19) of section 84-1301; and

15 (b) The employer cash balance account shall, at any time,  
16 be equal to the following:

17 (i) The initial employer account balance, if any,  
18 transferred from the defined contribution plan account described in  
19 section 84-1311; plus

20 (ii) Employer contribution credits deposited in  
21 accordance with section 84-1309; plus

22 (iii) Interest credits credited in accordance with  
23 subdivision (19) of section 84-1301.

24 (3) In order to carry out the provisions of this section,  
25 the board may enter into administrative services agreements for  
26 accounting or record-keeping services. No agreement shall be  
27 entered into unless the board determines that it will result in

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1 administrative economy and will be in the best interests of the  
2 state and its participating employees. The board may develop a  
3 schedule for the allocation of the administrative services  
4 agreements costs for accounting or record-keeping services and may  
5 assess the costs so that each member pays a reasonable fee as  
6 determined by the board. The money forfeited pursuant to section  
7 84-1321.01 shall not be used to pay the administrative costs  
8 incurred pursuant to this ~~section~~ subsection.

9           Sec. 9.     Section 84-1314, Revised Statutes Supplement,  
10 2004, is amended to read:

11           84-1314. The State Employees Retirement System Expense  
12 Fund is created. The fund shall be credited with money forfeited  
13 pursuant to section 84-1321.01 and with money from the retirement  
14 system assets and income sufficient to pay the pro rata share of  
15 administrative expenses incurred ~~through the Nebraska Public~~  
16 ~~Employees Retirement Systems Expense Fund~~, as directed by the board  
17 for the proper administration of the State Employees Retirement Act  
18 and necessary in connection with the administration and operation  
19 of the retirement system, except as provided in sections  
20 84-1309.02, 84-1310.01, 84-1311, and 84-1311.03. Any money in the  
21 State Employees Retirement System Expense Fund available for  
22 investment shall be invested by the state investment officer  
23 pursuant to the Nebraska Capital Expansion Act and the Nebraska  
24 State Funds Investment Act.

25           Sec. 10.    Section 84-1321.01, Revised Statutes  
26 Supplement, 2004, is amended to read:

27           84-1321.01.   (1) For a member who has terminated

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1 employment and is not vested, the balance of the member's employer  
2 account or employer cash balance account shall be forfeited. The  
3 forfeited account shall be credited to the State Employees  
4 Retirement Fund and shall first be used to meet the expense charges  
5 incurred by the retirement board in connection with administering  
6 the retirement system, which charges shall be credited to the State  
7 Employees Retirement System Expense Fund, and the remainder, if  
8 any, shall then be used to reduce the state contribution which  
9 would otherwise be required to fund future service retirement  
10 benefits or to restore employer accounts or employer cash balance  
11 accounts. No forfeited amounts shall be applied to increase the  
12 benefits any member would otherwise receive under the State  
13 Employees Retirement Act.

14 (2) If a member ceases to be an employee due to the  
15 termination of his or her employment by the state and a grievance  
16 or other appeal of the termination is filed, transactions involving  
17 forfeiture of his or her employer account or employer cash balance  
18 account shall be suspended pending the final outcome of the  
19 grievance or other appeal.

20 (3) The State Employer Retirement Expense Fund is  
21 created. The fund shall be administered by the Public Employees  
22 Retirement Board. The fund shall be established and maintained  
23 separate from any funds held in trust for the benefit of members  
24 under the retirement system. The director of the Nebraska Public  
25 Employees Retirement Systems shall certify to the Accounting  
26 Administrator of the Department of Administrative Services when  
27 accumulated employer account forfeiture funds are available to

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1 reduce the state contribution which would otherwise be required to  
2 fund future service retirement benefits or to restore employer  
3 accounts or employer cash balance accounts referred to in  
4 subsection (1) of this section. Following such certification, the  
5 Accounting Administrator shall transfer the amount reduced from the  
6 state contribution from the Imprest Payroll Distributive Fund to  
7 the State Employer Retirement Expense Fund. Expenses incurred as a  
8 result of the state depositing amounts into the State Employer  
9 Retirement Expense Fund shall be deducted prior to any additional  
10 expenses being allocated. Any remaining amount shall be allocated  
11 in accordance with section 12 of this act. Any money in the fund  
12 available for investment shall be invested by the state investment  
13 officer pursuant to the Nebraska Capital Expansion Act and the  
14 Nebraska State Funds Investment Act.

15           Sec. 11.           Section 84-1503.03, Revised Statutes  
16 Supplement, 2004, is amended to read:

17           84-1503.03.   The director of the Nebraska Public  
18 Employees Retirement Systems shall employ qualified personnel as  
19 may be required to carry out the duties and responsibilities  
20 required under sections 84-1501 to ~~84-1514~~ 84-1513. Such employees  
21 shall be deemed state employees and covered by the State Personnel  
22 System pursuant to sections 81-1301 to 81-1368 and other personnel  
23 rules or regulations. The director shall be exempt from the State  
24 Personnel System. All employees shall comply with state accounting  
25 regulations and applicable state and federal laws in the discharge  
26 of their duties.

27           Sec. 12.   (1) The County Employer Retirement Expense Fund

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1 shall be used to meet expenses of the county employees retirement  
2 system whether such expenses are incurred in administering the  
3 member's employer account or in administering the member's employer  
4 cash balance account when the funds available in the County  
5 Employees Retirement System Expense Fund make such use reasonably  
6 necessary.

7 (2) The State Employer Retirement Expense Fund shall be  
8 used to meet expenses of the State Employees Retirement System of  
9 the State of Nebraska whether such expenses are incurred in  
10 administering the member's employer account or in administering the  
11 member's employer cash balance account when the funds available in  
12 the State Employees Retirement System Expense Fund make such use  
13 reasonably necessary.

14 Sec. 13. Original section 79-974, Reissue Revised  
15 Statutes of Nebraska, and sections 23-2308.01, 23-2310.04,  
16 23-2310.05, 23-2319.01, 24-702, 81-2018, 84-1309.02, 84-1314,  
17 84-1321.01, and 84-1503.03, Revised Statutes Supplement, 2004, are  
18 repealed.

19 Sec. 14. The following section is outright repealed:  
20 Section 84-1514, Revised Statutes Supplement, 2004."